

FACT SHEET:

Irresponsible Bush Budget Hurts Young Americans

Even as Americans are struggling to achieve financial security, the Bush budget ignores the very real challenges they are facing. It fails to create jobs, and instead creates record deficits. It shortchanges education, health care, veterans' benefits, and small business. Instead of helping working families, it provides additional tax breaks for those who need them least, and provides billions of dollars in new giveaways to HMOs and other wealthy corporate interests.

Includes budget-busting tax cuts but fails to invest in creating new jobs. The number-one issue for Americans aged 18 to 30 is finding a job. More than two years into the “recovery,” the pace of job creation remains anemic. And yet the Bush budget contains no proposals to stimulate job creation. Instead, it squanders over \$1 trillion over the next 10 years on tax breaks for those who do not need them, creating a long-term drag on economic growth.

Imposes a growing “debt tax” on young Americans. The Bush Administration’s fiscally reckless policies have turned a \$5.6 trillion surplus into more than \$3 trillion in deficits over the next 10 years. By 2014, American families will pay an extra \$10,368 in interest on the national debt (or a “debt tax”) – reducing consumer demand, raising interest rates, and making it harder for families to achieve financial security.

Freezes maximum Pell Grant. Despite rising college costs, President Bush freezes the maximum Pell Grant at \$4,050. This is a third year in a row that the President has frozen or cut the maximum Pell Grant. While campaigning in 2000, President Bush pledged to make college more affordable and accessible by increasing the maximum Pell Grant for freshmen to \$5,100, but he has yet to make good on his promise.

Freezes or cuts college loans and work-study. The Bush budget cuts funding for Perkins Loans by \$100 million. It also freezes or eliminates funding for campus-based student aid programs, resulting in the loss of grants, work-study, and loans to about 78,000 students. This year, tuition at state universities increased nationwide by as much as 40 percent in some states.

Cuts \$316 million from vocational education and community colleges. The Bush budget cuts \$316 million – a 25 percent reduction – from vocational education and community colleges. This new round of cuts is in addition to more than \$1.5 billion in proposed cuts to job training and vocational education programs since he took office.

Makes college loans more expensive. The Bush budget requires student loan guaranty agencies to collect a one-percent insurance premium from students beginning this year, costing students \$4.0 billion over 10 years.

Eliminates state college scholarships program, and risks \$1 billion in non-federal Student Aid. The Bush budget eliminates the \$66 million Leveraging Educational Assistance Partnerships (LEAP) initiative, which encourages states to establish college scholarships for college students. In 2001-2002, the federal investment in LEAP leveraged more than \$1 billion in matching state spending.

Cuts programs that boost college opportunities for students and veterans. The Bush budget freezes GEAR UP and TRIO funding – programs that boost opportunities for veterans, the disadvantaged, and first generation college students to earn a college degree. The President’s freeze severely handicaps TRIO – which currently serves only 7 percent of all eligible students and veterans due to inadequate funding.

Places student aid program operations at risk. The Bush budget puts stable student aid administrative funds at risk by subjecting them to an annual appropriation. This proposed change would force administrative funding to compete against Pell grants and other higher education priorities for resources, and would jeopardize the ability of the Education Department to administer the student aid programs safely and soundly.

Freezes youth job training programs. Despite the weak job market and the enormous need for job training programs, the Bush budget freezes funding for youth job training programs. The budget provides \$2.6 billion for youth job training, a \$26 million (1.0 percent) increase over the FY 2004 enacted level.

Fails to address the issue of the uninsured. Today, there are 44 million Americans without health insurance and young Americans are the most likely group to be uninsured. Indeed, 29.6 percent of young adults aged 18 to 24 have no health insurance – compared with 18 percent of adults aged 25 to 64 and 0.8 percent of seniors. And yet the Bush budget provides no meaningful solutions – proposing only an inefficient tax credit that analysts estimate would cover less than 5 percent of the uninsured and Health Savings Accounts that mostly help the wealthy.

Cuts \$79 million from the Small Business Administration. Many young adults in America are entrepreneurs – starting businesses of their own. The help that many businesses get from the SBA can help entrepreneurs turn a new faltering small business into a success. And yet the Bush budget eliminates all funding for the SBA's largest small business loan program, and proposes to run the program solely through fee increases, substantially raising the cost for small businesses that use the program.

Eliminates and slashes programs helping emerging industries and high-tech jobs of the future. Many young Americans are interested in careers in emerging industries and in the high-tech jobs of the future. And yet the Bush budget proposes eliminating the Advanced Technology Program, which funds research in emerging technologies, and slashing the Manufacturing Extension Partnership program, which helps small manufacturers with new technologies and other issues, by nearly two-thirds. These two programs at the Department of Commerce support small and medium-sized firms bringing new ideas to market and help them adopt new, emerging technologies that allow companies to stay competitive.

Cuts broadband assistance. Young Americans recognize the importance of access to high-speed Internet access. And yet the Bush budget slashes broadband assistance loans by \$271 million and completely eliminates broadband telecommunications grants. Broadband high-speed telecommunications service helps link rural America to the digital economy.

Slashes environmental protection programs. A clean environment is a priority for young Americans. They recognize that Americans are only as healthy as the water we drink, the air we breathe, and the communities where we work and play. And yet the Bush budget slashes funding that is designed to protect public health and the environment by \$2.4 billion – or 8 percent – in Fiscal 2005 and by a total of \$23.9 billion – or 15 percent – over the next five years.

